

## **BILL ANALYSIS**

S.B. 1019  
By: Estes  
Higher Education  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

An endowment fund is an investment fund set up by an institution of higher education from which regular withdrawals out of the invested capital are used for ongoing operations. Current law authorizes an institution with an endowment of at least \$25 million in book value to invest all funds under the prudent person standards, as opposed to under the limitations in the Public Funds Investment Act. According to interested parties, Midwestern State University and Stephen F. Austin University have endowments of less than \$25 million, which limits their investment opportunities and the rates of return those investments can achieve. S.B. 1019 seeks to allow institutions of higher education with endowments of less than \$25 million to increase their cash investment earnings by pooling certain of their funds with another university that meets the \$25 million endowment threshold.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1019 amends the Education Code to authorize the governing board of an institution of higher education that does not have under its control at least \$25 million in book value of endowment funds to contract to pool funds in its control with another institution that meets the \$25 million endowment statutory threshold and have its funds invested by that governing board under prudent person standards.

### **EFFECTIVE DATE**

September 1, 2013.